



2017

## Invitation

Annual General Meeting of Shareholders  
of LEM HOLDING SA

Thursday, 29 June 2017, at 15.30 hours (CEST)

University of Fribourg, Switzerland





# Invitation to the Annual General Meeting of Shareholders 2017 of LEM HOLDING SA

LEM's Board of Directors is pleased to invite you to the Annual General Meeting of Shareholders.

## **Date and time**

Thursday, 29 June 2017,  
at 15.30 hours (CEST),  
doors open at 15.00 hours (CEST)

## **Place**

University of Fribourg, Auditorium A 120, Boulevard de Pérolles 90, 1700 Fribourg/  
Freiburg, Switzerland

## **Public transportation**

Take train to Fribourg/Freiburg SBB/CFF train station and change to TPF bus #1 (direction Marly, Gérine) or #3 (direction Fribourg, Charmettes). Exit at the bus stop Fribourg, Charmettes. The University is across the street.

## **Car parking**

Car parking of the Ecole d'ingénieurs at Boulevard de Pérolles 80, 1700 Fribourg/  
Freiburg

# Agenda and Proposals

## 1 Reporting for financial year 2016/17

- Management report and consolidated financial statements
- Annual financial statements
- Auditors' reports

### 1.1 Approval of the management report, the consolidated financial statements of the LEM Group, the annual financial statements of LEM HOLDING SA as at 31 March 2017, reports of the statutory auditors

**Proposal:** The Board of Directors proposes that the management report, the consolidated financial statements of the LEM Group and the annual financial statements of LEM HOLDING SA be approved.

### 1.2 Consultative vote on the compensation report 2016/17

**Proposal:** The Board of Directors recommends that the compensation report as per pages 26 to 29 of the Annual Report be accepted (nonbinding consultative vote).

**Explanation:** The compensation report contains the principles governing the compensation paid to the Board of Directors and the Executive Management and reports on the amounts paid to the members of both bodies for the financial year 2016/17.

## 2 Appropriation of available earnings and distribution

**Proposal:** The Board of Directors proposes that the total available earnings for the financial year 2016/17 of LEM HOLDING SA be allocated as follows:

(in CHF thousands)

Balance brought forward from previous financial year	18'522
Variation of treasury shares	(405)
Net profit of the financial year	43'100
<b>Total available earnings</b>	<b>61'217</b>

### Proposal of the Board of Directors

Ordinary dividend	(39'856)
Balance to be carried forward	21'361

**Explanation:** The Board of Directors proposes the distribution of an ordinary dividend of CHF 35 per share. Net of the Swiss withholding tax of 35%, this is an ordinary net cash dividend of CHF 22.75 per share. The shares will be traded ex-dividend as of 4 July 2017. The net dividend will be paid on 6 July 2017. Shares held by LEM HOLDING SA or any of its subsidiaries are not entitled to dividends.

### **3 Discharge of the Board of Directors and the Executive Management**

**Proposal:** The Board of Directors proposes that the members of the Board of Directors and the Executive Management be granted discharge for the financial year 2016/17.

### **4 Approval of the compensation of the Board of Directors**

**Proposal:** The Board of Directors proposes that the shareholders approve a maximum aggregate amount of compensation for the members of the Board of Directors for the term of office from the Annual General Meeting 2017 until the Annual General Meeting 2018 of CHF 1'100'000.

**Explanation:** Based on the Swiss Ordinance Against Excessive Compensation by Public Corporations (OaEC) and Article 27 para. 1 no. 1 of the Articles of Association of LEM HOLDING SA, shareholders have to approve the maximum aggregate compensation of the Board of Directors for the forthcoming term of office.

The proposed maximum aggregate amount of CHF 1'100'000 is composed of the following (nonbinding) components:

- Gross fixed compensation of CHF 910'000 based on the gross Board of Directors membership fees (CHF 220'000 for the Chairman, CHF 130'000 for the Vice Chairman and CHF 80'000 for each member) and the Committee membership fees (CHF 40'000 for the Committee's chairman and CHF 20'000 for each member) for the six members of the Board of Directors proposed for election or reelection under agenda item 6 below. For further details on the system of compensation of the Board of Directors, please refer to the compensation report 2016/17 on pages 26 to 29 of the Annual Report; plus
- Related employer contributions to social security; plus
- Reserve amount which allows for flexibility in the event of extraordinary events such as significant additional workload of all or certain members of the Board of Directors that requires additional compensation, including membership in ad hoc committees, or an increase in mandatory social security contributions due to a change of applicable contribution rates.

Members of the Board of Directors do not receive any variable compensation. The actual payout to the members of the Board of Directors for the term of office from the Annual General Meeting 2017 until the Annual General Meeting 2018 will be disclosed in the compensation report 2017/18.

## **5 Approval of the compensation of the Executive Management**

Based on the OaEC and Article 27 para. 1 nos. 2–4 of the Articles of Association of LEM HOLDING SA, the approval of the compensation of the members of the Executive Management is divided into three separate votes:

1. The first approval relates to the gross short-term variable compensation to be paid to the members of the Executive Management under the Leadership for Results (L4R) plan – Short-Term Incentive for financial year 2016/17 (retrospective approval).
2. The second approval relates to the maximum gross long-term variable compensation to be granted to the members of the Executive Management under the Leadership for Results (L4R) plan – Long-Term Incentive for financial year 2017/18 (prospective approval) to be paid out in July 2020.
3. The third approval relates to the maximum fixed compensation of the members of the Executive Management for the period from 1 October 2017 to 30 September 2018 (prospective approval).

### **5.1 Vote on the aggregate amount of short-term variable compensation of the Executive Management for financial year 2016/17**

**Proposal:** The Board of Directors proposes that the shareholders approve an aggregate amount of short-term variable compensation of the members of the Executive Management for the preceding completed financial year 2016/17 of CHF 626'750.

**Explanation:** The proposed amount of CHF 626'750 is composed of the following components:

- Gross short-term variable compensation of the members of the Executive Management for the financial year 2016/17 of CHF 575'000; plus
- Related employer contributions to social security of CHF 51'750.

For further details, please refer to the compensation report 2016/17 on pages 26 to 29 of the Annual Report.

## **5.2 Vote on the maximum aggregate amount of long-term variable compensation of the Executive Management for financial year 2017/18**

**Proposal:** The Board of Directors proposes that the shareholders approve a maximum aggregate amount of long-term variable compensation to be granted to the members of the Executive Management for financial year 2017/18 of up to CHF 1'200'000.

**Explanation:** The proposed maximum amount of CHF 1'200'000 is composed of the following (non binding) components:

- Maximum gross long-term variable compensation under the Leadership for Results (L4R) plan of the members of the Executive Management. This maximum amount assumes that all performance targets will be reached at the maximum possible level under the L4R LTI (Long-Term Incentive) plan rules of CHF 1'000'000; plus
- Estimated related employer contributions to social security of CHF 200'000.

The L4R LTI plan is an annual long-term incentive plan which is based on the performance of LEM evaluated over a period of three consecutive fiscal years. The performance criterion is the cumulated economic value added (EVA) over these three fiscal years. For further details, please refer to the compensation report 2016/17 on pages 26 to 29 of the Annual Report.

The actual payout to the members of the Executive Management for grants awarded during financial year 2017/18 will be disclosed in the compensation report 2019/20.

### **5.3 Vote on the maximum aggregate amount of fixed compensation of the Executive Management for the period from 1 October 2017 to 30 September 2018**

**Proposal:** The Board of Directors proposes that the shareholders approve a maximum aggregate amount of fixed compensation for the members of the Executive Management for the period from 1 October 2017 to 30 September 2018 of up to CHF 1'800'000.

**Explanation:** The proposed maximum amount of CHF 1'800'000 is composed of the following (nonbinding) components:

- Gross base salaries of the members of the Executive Management of CHF 1'470'000; plus
- Related employer contributions to social security and pension fund of CHF 330'000.

The actual payout to the members of the Executive Management for the period from 1 October 2017 to 30 September 2018 will be disclosed in the compensation reports 2017/18 and 2018/19, respectively.

## **6 Re-elections to the Board of Directors, reelection of the Chairman of the Board of Directors and election of one new member to the Board of Directors**

### **6.1 Re-elections**

**Proposal:** The Board of Directors proposes the reelection of

- Ilan Cohen as member
- Norbert Hess as member
- Ulrich Jakob Looser as member
- Ueli Wampfler as member
- Andreas Hürlimann as member and Chairman (one single vote)

of the Board of Directors for a term of office of one year extending until completion of the next Annual General Meeting.

Reelections of the proposed nominees will be held individually.

**Explanation:** Pursuant to the OaEC and the Articles of Association of LEM HOLDING SA, the mandates of all members of the Board of Directors will expire at the end of the Annual General Meeting of 29 June 2017.

For further details on the nominees as well as their qualifications, see biographies in the Corporate Governance Report 2016/17 on pages 18 to 19 of the Annual Report.

## 6.2 Election of one new member



**Proposal:** The Board of Directors proposes the election of Dr. iur. Werner. C. Weber as member of the Board of Directors for a term of office of one year extending until completion of the next Annual General Meeting.

**Explanation:** Dr. iur. Werner C. Weber is a lawyer and mediator. He is founding partner and member of the Board of Directors of weber schaub & partners ag, an independent law firm, specialized in tax and commercial law and related areas of law. He is member of the Board of Directors of Arosa Bergbahnen AG, City Parkhaus Aktiengesellschaft, Hof Maran Hotel AG, MedicoSearch AG, Schilt-hornbahn AG, SkySmile AG, Wandilo Holding AG and WEMACO Invest AG.

Before founding his law firm, Mr. Weber held various positions as a lawyer at Freddy Burger Management and PWC, amongst others.

Mr. Weber is a Swiss citizen, born in 1960. He graduated from the University of Zurich, Switzerland, and holds a PhD in law. He is an admitted attorney-at-law in Zurich since 1992 and was admitted as Mediator SAV in 2004.

Mr. Weber is a representative of LEM's largest shareholder WEMACO Invest AG, a long-term-oriented and loyal shareholder for the past 15 years. His standing for election underpins the long-term commitment of LEM's anchor shareholder.

## **7 Reelection and election to the Compensation Committee**

**Proposal:** The Board of Directors proposes

- the reelection of Norbert Hess
- the reelection of Ulrich Jakob Looser
- the election of Andreas Hürlimann

to the Compensation Committee for a term of office of one year extending until completion of the next Annual General Meeting. In case of reelection, Ulrich Jakob Looser will be appointed as chairman of the Compensation Committee.

Elections of the proposed nominees will be held individually.

## **8 Reelection of the Independent Representative**

**Proposal:** In line with the OaEC and the Articles of Association of LEM HOLDING SA, the Board of Directors proposes the reelection of the law firm Hartmann Dreyer, Attorneys-at-law, Boulevard de Pérolles 7, 1701 Fribourg/Freiburg, Switzerland, as Independent Representative for a term of office of one year extending until completion of the next Annual General Meeting.

## **9 Reelection of the statutory auditors**

**Proposal:** The Board of Directors proposes the reelection of Ernst & Young Ltd, Lancy, as statutory auditors for the financial year 2017/18.

# Organizational Information

## **Annual Report**

The Annual Report 2016/17, consisting of the management report, the consolidated financial statements of the LEM Group, the annual financial statements of LEM HOLDING SA, the compensation report and the reports of the statutory auditor, was published on 23 May 2017 and can be accessed on LEM's website ([www.LEM.com](http://www.LEM.com) > Investor Relations > Financial Reports). A hard copy of the complete Annual Report is sent to shareholders upon request to Computershare Schweiz AG, LEM HOLDING SA, P.O. Box, 4601 Olten, Switzerland. The complete Annual Report is also available for inspection as from 8 June 2017 at the registered office of LEM HOLDING SA, which is located at avenue Beauregard 1, 1700 Fribourg/Freiburg, Switzerland. The Annual Report 2016/17 is only available in English.

## **Voting Entitlement**

Those shareholders entered in the share register on 16 June 2017, 17.00 hours (CEST) are entitled to vote.

From 16 June 2017, 17.00 hours (CEST) up to and including 29 June 2017, no entries will be made in the share register which would create a right to vote at this year's Annual General Meeting. Shareholders who sell parts or all of their shares before the Annual General Meeting are no longer entitled to vote to that extent.

## **Personal Attendance at the Annual General Meeting**

If you wish to attend the Annual General Meeting in person, please use the enclosed application form to order your admission card.

## **Proxies to the Independent Representative**

If you cannot attend the Annual General Meeting in person, according to Article 14 of the Articles of Association of LEM HOLDING SA, you may arrange to be represented by:

- another person, who does not need to be a shareholder, or
- the Independent Representative, Hartmann Dreyer, Attorneys-at-Law, Boulevard de Pérolles 7, P.O. Box 736, CH-1701 Fribourg/Freiburg, Switzerland.

The enclosed application form may be used as power of attorney to the Independent Representative and for voting instructions. Both have to be returned by enclosed envelope not later than 27 June 2017 to Computershare Schweiz AG, LEM HOLDING SA, P.O. Box, 4601 Olten, Switzerland.

To the extent you do not provide specific instructions to the Independent Representative, he will abstain from voting. The same shall apply for additional or alternative proposals to the agenda items included in this invitation and for new agenda items.

## **Electronic proxies and voting instructions**

Alternatively, shareholders have the possibility to cast their votes by issuing electronic proxies and voting instructions to the Independent Representative via [www.ecomm-portal.com/shrd](http://www.ecomm-portal.com/shrd). Further, the admission card may be requested online. Shareholders may provide or change any voting instruction they have communicated electronically until but not later than 27 June 2017 at 23.59 hours CEST. The e-voting fact sheet and requisite login data are part of the enclosed meeting materials supplied to the shareholders. Please follow the instructions.

## **Correspondence**

We kindly request the shareholders to submit any correspondence in connection with the Annual General Meeting by priority mail to Computershare Schweiz AG, LEM HOLDING SA, P.O. Box, 4601 Olten, Switzerland.

## **Language**

The Annual General Meeting will be held in French. Presentations will be projected in French and English. There will be no simultaneous interpreting into other languages.

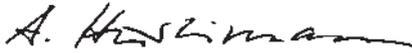
## **Invitation**

This invitation will be published in the Swiss Commercial Gazette on 7 June 2017.

At the end of the Annual General Meeting, we are pleased to welcome all shareholders to a cocktail buffet.

Fribourg/Freiburg, 7 June 2017

On behalf of the Board of Directors of LEM HOLDING SA



Andreas Hürlimann,  
Chairman of the Board of Directors

# Situation plan





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